

Michigan Aeronautics Commission

Director's Report

July 22, 2015

Mike Trout, A.A.E.

FAA's Policy Clarification on Revenue Use

- Policy identifies state or local taxes on aviation fuel (except in effect on 12/30/87) are considered subject to the revenue-use requirements.
- “Revenues from a state tax on aviation fuel may be used to support a state aviation program . . .”
- Four percent of Michigan’s sales tax on aviation fuel is “grandfathered.”
- Two percent enacted in 1994 would be subject to the policy, but these funds are constitutionally dedicated to the School Aid Fund.

FAA's Policy Clarification on Revenue Use

- ***Action plan due by 12/8/15.***
- Three-year transition period to comply.
- Non-compliance could impact state block grant status w/potential loss of over \$80M in federal aid annually.
- Options for addressing the sales tax on aviation fuel:
 - Do nothing.
 - Exempt all users.
 - Redirect an amount equal to two percent of the sales tax on aviation fuel to state aviation programs from other sources of state revenue.

Proposed Aviation Legislation

- SB No. 416 – Exempts aviation fuel from 2% sales tax.
Impact: \$17 million decrease to GF
- SB No. 417 – Exempts aviation fuel from 2% use tax.
Impact: Unknown
- SB No. 418 – Replaces the 3¢ per gallon tax on aviation fuels with a 2% wholesale tax. Sets a minimum taxation rate of 6¢ per gallon. (Substitute likely)
Impact: \$17 million increase to SAF
- SB No. 425 – Redistributes proceeds from the wholesale tax. (Substitute likely)
- SB No. 426 – Amends Aero Code to allow for redistribution.

AERO Budget

FY2016 Revenue Estimates

- Fuel Tax	\$ 5,100,000
- Interest	72,000
- Services	695,000
- Licenses & Permits	354,000
- Miscellaneous	243,000
- Parking Tax	6,000,000
- General Fund	1,521,100
- One-Time Basis	2,000,000
- Fund Balance	<u>893,500</u>
Total Revenues	\$16,878,600

AERO Budget

FY2016 Appropriations

- Debt Service	\$ 4,997,700
- Interdepartmental Grants	460,000
- Grants to MDOT	676,900
- Information Technology	170,000
- Aeronautics Services	7,039,300
- Air Service Program	-0-
- AIP Match (SAF & GF)	<u>3,534,700</u>
Total Expenditures	\$16,878,600

Notable Stats

- Annual Aviation Fuel Tax
(Treasury's Estimate)
2014 = \$5,056,196
2015 = \$5,100,000
- Fuel Tax Revenue YTD
(Thru May – 36% increase)
2014 = \$3,270,973
2015 = \$4,464,440
- Tall Structure Permits
(Towers/Wind Turbines to date)
2014 = 1,380/296
2015 = 1,415/199
- State Aircraft Flight Hours
(Thru June – 6% decrease)
2014 = 793.7
2015 = 745.6

Events & Happenings

- Capt. Mike Caldwell, Michigan State Police
- Capt. Joe Gasper, Michigan State Police
- MAAE's Fall Conference, Sept. 14-18, Crystal Mountain
- MAC Meeting, Sept. 16, Crystal Mountain
- Air Transportation Expo, Sept. 25, Oakland County International Airport.

State of Michigan Service Awards

Tera Fricke – 5 Years of Service

Roger Mawhorter – 5 Years of Service

Linn Smith – 25 Years of Service

Congratulations!

Retirement

Tom Krashen

Over 24 Years

Office of Aeronautics

Congratulations!

THANK YOU

QUESTIONS?

“Aviation is proof that, given the will, we have the capacity to achieve the impossible.”

Eddie Rickenbacker

